

# FY 2003 Annual Performance Plan

## FY 2001 Annual Performance Report

### Office of Insular Affairs



**DEPARTMENT OF THE INTERIOR**





# Office of Insular Affairs

FY 2003 Annual Performance Plan

FY 2001 Annual Performance Report



Department of the Interior  
Office of Insular Affairs

The Department of the Interior has had a long and evolving history with respect to U.S. territories and other affiliated insular areas. The Office of Insular Affairs (OIA) is part of that history. OIA is located within the Office of the Secretary. Our major charge is to help the insular areas develop more efficient and effective government while honoring their rich history and unique cultures. From a policy perspective, our long-term goal is to improve government to government relationships with the insular governments by fostering better communications.

OIA coordinates federal policy and provides technical and financial assistance to the territories of American Samoa, Guam, the U.S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands. The Office also provides financial and technical assistance to the freely associated states of the Federated States of Micronesia, the Republic of the Marshall Islands and the Republic of Palau.

The financial assistance OIA provides is to improve government infrastructure and to support basic government operations. Much of this assistance is in the form of mandatory funding and is the product of negotiated long-term agreements. OIA also works with the insular governments to identify technical assistance needs and then locates expertise to help with a broad range of governmental activities. For all of the assistance programs, OIA works to ensure that there has been adequate planning to identify needs and priorities, and that projects are completed quickly and effectively.

Nikolao I. Pula  
Acting Director  
Office of Insular Affairs

**Department of the Interior**  
**Leadership Commitment**

**Nikolao I. Pula (Acting)**  
**Director, Office of Insular Affairs**

**Deputy Director**  
**Office of Insular Affairs (Vacant)**

**David H. Heggestad**  
**Director, Budget and**  
**Grants Management Division**  
**Office of Insular Affairs**

**Richard Miller (Acting)**  
**Director, Policy Division**  
**Office of Insular Affairs**

**James Johnson**  
**Director, Technical Assistance Division**  
**Office of Insular Affairs**

# Table of Contents

## FY 2003 Annual Performance Plan

## FY 2001 Annual Performance Report

### A Message from OIA's Acting Director

About this Document .....	1
Executive Summary.....	2

### Section I. - Introduction and Overview

1.1. Introduction .....	4
1.2. Mission Statement.....	4
1.3. Linkage to Strategic Plan and Departmental Goals .....	4
1.4. Linkage to the Budget .....	5
1.5. Adjustments to Strategic Plan.....	6
1.6. Data Validation and Verification .....	6
1.7. FY 2003 Goals-at-a-Glance.....	7

### Section II. - Future Goals and Past Performance

2.1. Program Activity 1: Improve Infrastructure .....	8
Budget Tables .....	9
2.1.1. Goal: Development and Use of Multi-Year Capital Plans .....	10
2.1.2. Goal: Improving Grant Productivity .....	13
2.2. Program Activity 2: Improve Government Systems and Services .....	15
Budget Tables .....	16
2.2.1. Goal: Development and Use of Financial Management Improvement Plans .....	17
2.2.2. Goal: Improving Grant Productivity .....	18
2.3. Program Activity 3: Improve Governmental Relations.....	20
Budget Tables .....	21
2.3.1. Goal: Improve Federal-Insular Communications .....	22

### Section III. - Additional GPRA Information

3.1. Customer Service.....	24
3.2. Crosscutting Issues .....	24
3.3. Management Issues .....	25
3.4. Program Evaluations .....	25
3.5. Capital Assets/Capital Planning .....	25
3.6. Use of Non-Federal Parties in Preparing this Plan .....	26
3.7. Waivers for Managerial Accountability and Flexibility .....	26

## Appendix I

FY 2001 Annual Performance Report Goals At-a-Glance Table .....	28
---	----

## Appendix II

FY 2002 Annual Performance Plan Goals At-a-Glance Table .....	30
---	----



# About This Document

## ABOUT THIS DOCUMENT

The Government Performance and Results Act (GPRA) requires agencies to submit annual performance plans to Congress with their fiscal year budget request, and prepare an annual performance report at the end of each fiscal year (FY) on how well they met their goals.

In this document the Office of Insular Affairs has combined the FY 2001 Annual Performance Report (Report) with the FY 2003 Annual Performance Plan (Plan) rather than preparing a separate FY 2001 Report. We believe this consolidated Plan/Report will be more useful to Congress and the appropriations process than submitting separate documents at separate times. In this consolidated document we present what we plan to accomplish in the current fiscal year-FY 2002 (Appendix 2), and what we propose to accomplish in FY 2003 with the budget resources we are requesting. In a single presentation, the reader can see the trends in our performance targets along with the trends in our results.

The performance goals, measures and FY 2003 targets presented in this combined FY 2003 APP and FY 2001 APR are based on the Office of Insular Affairs Strategic Plan for FY 2000 - FY 2005. At the time this APP/APR was published (February 2002) the Department of the Interior (DOI) was in the process of revising its strategic plan. The primary impact of the revised DOI Strategic Plan will be on APP's developed for FY 2004 and beyond. However, we will review the performance goals, measures and targets presented in this APP/APR and last year's APP/APR for consistency with the revised DOI Strategic Plan. As a result of that review, we may find it necessary or appropriate to modify portions of our FY 2002 or FY 2003 APP's. Any APP changes will be documented according to the provisions of Office of Management and Budget Circular A-11.

# Executive Summary

THE FY 2001 PERFORMANCE REPORT AND FY 2003 PERFORMANCE PLAN CONTAINED IN THIS DOCUMENT GENERALLY REFLECT LONG-TERM GOALS INCORPORATED IN THE STRATEGIC PLAN TRANSMITTED TO CONGRESS IN SEPTEMBER 2000. THE STRATEGIC PLAN IS BASED ON TWO PRIMARY MISSION GOALS: (1) ASSISTING THE ISLANDS IN DEVELOPING MORE EFFICIENT AND EFFECTIVE GOVERNMENT BY PROVIDING FINANCIAL AND TECHNICAL ASSISTANCE, AND (2) HELPING MANAGE FEDERAL-ISLAND RELATIONS BY PROMOTING APPROPRIATE FEDERAL POLICIES.

Most of the Office of Insular Affairs' budget is devoted to financial and technical assistance for the insular governments. Therefore, all budget programs and activities except the administrative costs of OIA fall within the first Mission Goal. The actual work of the Office and its administrative costs are split between the first and second Mission Goals.

The Office of Insular Affairs is proposing a total budget of \$343.5 million for fiscal year 2003, which includes \$0.2 million for the Government-wide CSRS/FEHB legislative program. Overall, the budget is a decrease of \$9.3 million under the \$352.8 million appropriated for fiscal year 2002. This assistance is essential to the insular governments' capabilities to provide basic services to the island residents. The financial assistance comes in many forms. \$106 million of the fiscal year 2003 budget reflects estimated Federal tax collections on Guam and the Virgin Islands which are advanced to the general funds of those governments and are not subject to any statutory terms, conditions or controls on use. Another \$167.1 million of the budget represents guaranteed payments and services to the Federated States of Micronesia and the Republics of Palau and the

Marshall Islands, pursuant to Compacts of Free Association entered into with each of the three governments. While specific uses are enumerated in the Compact, enforcement mechanisms were removed during the negotiations or legislative process. The remaining \$70.4 million in current appropriations provides operational support to American Samoa (\$23 million), technical assistance programs for all seven insular governments (\$14.2 million), capital infrastructure funding for the four U.S. territories (includes Virgin Islands CIP) (\$27.7 million), and the administrative costs of the 36 FTEs which make up the Office of Insular Affairs (\$ 5.5 million).

With limited control over the vast majority of the money, OIA has not included in its Strategic Plan outcome goals that are premised on the final use of the money. Rather, our goals focus on areas over which we have greater control and discretion to convince the insular governments to work cooperatively. These goals emphasize better planning by the insular areas and more efficient expenditure of Federal assistance without compromising quality or effectiveness.

While the goals are more output than outcome-oriented, the focus has been useful for OIA. It is only in the last four years that OIA has looked at workload and how workload is distributed within the Office. OIA is now using the data developed for the performance reports to make resource decisions.

OIA still believes there is inadequate data available to measure outcomes and general conditions in the insular areas, including the impact of Federal financial assistance. Since 1992, Congress has required OIA to prepare an annual State of the Islands Report. This report looks at the overall state of island infrastructure and provides demographic, financial and economic data that can be used to analyze the general state of health care, education, law enforcement and other basic governmental services. OIA is working with the Bureau of the Census and other Federal and island partners to improve the quality and usefulness of this annual report and the availability of performance data.

OIA is also developing benchmarks on the state of infrastructure and infrastructure maintenance in all the insular areas except Guam and the Virgin Islands. This work is being done partially (power, water and wastewater) in conjunction with the Asian Development Bank.

## SUMMARY OF FY 2001 ANNUAL PERFORMANCE

The Office of Insular Affairs was working to achieve a total of seven performance goals for fiscal year 2001. OIA met one of the seven performance goals.

Two of the performance goals involve the development of multi-year plans by the insular governments, either for improving financial management or for identifying

priorities for construction of new infrastructure. Although OIA did not meet the goal, five of the financial management plans and two construction plans were completed by the end of fiscal year 2001.

Two of the performance goals involved accelerating the completion of grant-funded projects. Difficulty by the insular governments in initiating projects and following through to completion is a significant management problem. OIA did not have much historic data when these goals were established; but based on the data available, set a timeframe for fiscal year 2001 of 28 months from grant award to grant completion. This goal was achieved for technical assistance grants, which tend to be smaller in size and less complex. It was not achieved for construction grants, which are much larger and generally involve more preparation time. Completion time for construction and infrastructure-related grants was 43.4 months.

Two of the goals focused on completing nearly as many projects each year as are started. This is essential to the efficient use of Federal funds and preventing a large and growing balance of unexpended money. The fiscal year 2001 performance goal for both technical assistance grants and infrastructure-related grants was to complete 90 percent as many projects as were started. These goals were not met in 2001.

The final performance goal was to perform a baseline survey of the insular governments to discern their view of the Federal-insular relationship, particularly in terms of good communications and common understanding of positions. This goal was not met. OIA was not successful in obtaining the appropriate survey clearance from OMB under the Paperwork Reduction Act.

Mission Goal	Goals	Performance Targets and Results
Provide Financial and Technical Assistance	6 Annual Goals	1 target was met 5 targets were not met
Promote Appropriate Federal Policies	1 Annual Goal	1 target was not met

# Section I

## *Introduction and Overview*

### 1.1 INTRODUCTION

The Office of Insular Affairs (OIA) carries out the Secretary of the Interior's responsibilities for the insular areas, including providing them with financial assistance for government operations and needed infrastructure, and funding or arranging technical assistance and advisory services in all areas of government operations. This assistance is a recognition that local tax revenues and other Federal programs are insufficient to meet the unique needs of these island governments. Unique needs are the result of differing stages of development, geographic isolation, and the necessity of the island governments to engage in a much wider array of functional responsibilities than other communities of similar size in the United States.

In addition to providing financial and technical assis-

tance, the Secretary's responsibilities require the OIA to coordinate activities with other Federal agencies in developing insular policy positions and to enunciate the Administration's position in discussions with the Congress and the insular governments. The insular governments for which the Secretary has varying responsibilities include American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands, all of which are U.S. territories; as well as the Republic of the Marshall Islands, the Republic of Palau, and the Federated States of Micronesia, which are sovereign nations linked with the U.S. through Compacts of Free Association.

For more information about the Office of Insular Affairs, please visit the OIA website at [www.doi.gov/oia](http://www.doi.gov/oia). Information about the U.S.-affiliated insular areas can be accessed from the website as well.

### 1.2 MISSION STATEMENT

#### MISSION

**Assist the islands in developing more efficient and effective government by providing financial and technical assistance, and help manage Federal-island relations by promoting appropriate Federal policies.**

### 1.3 LINKAGE TO STRATEGIC PLAN AND DEPARTMENTAL GOALS

All of the Office of Insular Affairs mission and long-term goals relate to the Departmental Goal: Meet our Trust Responsibilities to Indian Tribes and our Commitments to Island Communities. The Department of the Interior has had a long relationship with the U.S. territories and other insular areas and has carried out its responsibilities to the islands as mandated and authorized in law, and as delegated to the Secretary in Executive Orders.

Beginning in fiscal year 2000, the Department incorporated this "commitments to island communities" into its mission statement and Departmental goals.

The Department's commitment varies with respect to each island community. In the case of Guam and the U.S. Virgin Islands, organic legislation spells out the details of the relationship with each territory. This organic legislation has evolved over the years through numerous amendments. Guam and the Virgin Islands are relatively self-supporting, although they participate

in various technical assistance programs offered by the Office of Insular Affairs. Guam also receives earmarked capital funding as reimbursement for the impact of Micronesian immigrants resulting from provisions in the Compacts of Free Association.

The Northern Mariana Islands were originally a part of the Trust Territory of the Pacific Islands, a trusteeship created after World War II by the United Nations. They chose to pursue a closer relationship with the United States. A Covenant was negotiated and then enacted into U.S. law that spells out the relationship, including a commitment to long-term guaranteed financial assistance. The Commonwealth of the Northern Mariana Islands is generally self-supporting for operational purposes; but relies on substantial assistance for infrastructure and for technical assistance.

American Samoa's relationship includes a commitment to protect and maintain their unique culture. American Samoa is highly dependent on OIA programs to meet basic government operations, as well as providing for infrastructure and technical assistance needs.

The commitment to the freely associated states, formerly part of the Trust Territory of the Pacific Islands, is enunciated in negotiated Compacts that were approved by local plebiscite and by the U.S. Congress in public law. The U.S. commitment includes guaranteed defense and financial assistance to help them develop economically. The financial assistance is administered by the OIA and touches virtually all aspects of government operations, infrastructure and technical needs. In the case of the freely associated states, the United States recognizes their sovereignty and in the case of all the insular governments, the guiding premise of the U.S. commitment is a recognition of the fundamental rights of self-government.

The islands are not in any way entities or sub-divisions of the Department of the Interior. The OIA's authority to direct insular governments to adapt good management practices or direct the use of financial assistance is limited by law. In its revised Strategic Plan, the OIA addresses the commitment to the island entities in three areas: first to improve island infrastructure; second to

improve governmental systems and services; and third to improve Federal relations with the insular areas. The long-term goals in the first two areas help ensure that adequate planning is taking place, at least in those areas where the Department is making a sizable investment, and plans are being implemented in a timely manner. The long-term goal in the area of improving governmental relations is to facilitate the communications process and thus reduce misunderstandings that often occur because of the islands' unique political relationships, cultures and distances from the rest of the United States.

## 1.4 LINKAGE TO THE BUDGET

More than eighty percent of the OIA budget is mandatory. The mandatory funding is identified in a general way with OIA's first mission goal to "Assist the islands in developing more efficient and effective government by providing financial and technical assistance;" but OIA has limited control over specific uses of much of this money. For example, OIA provides Guam and the Virgin Islands with more than \$100 million each year in specific "pass-through" Federal income and excise tax advances. This money is, by law, a subsidy to their general funds and is therefore available for governmental systems and services; but its specific uses are totally at the discretion of local government processes.

OIA's strategic and long-term goals are broad and clearly identifiable with U.S. commitments to the insular areas. OIA's performance goals, however, focus narrowly on management aspects that are under the general control of OIA staff, funding for which constitutes less than two percent of OIA's budget.

The Office of Insular Affairs is divided into four smaller organizations: the Office of the Director, the Policy Division, the Technical Assistance Division, and the Budget and Grants Management Division. The Director's Office and Policy Division focus almost exclusively on the OIA's second mission goal, to "help manage Federal-Island relations by promoting appropriate Federal policies." The Technical Assistance and the Budget and Grants Management Divisions focus primarily on the first mission goal, to "assist the islands in

developing more efficient and effective government by providing financial and technical assistance."

## **1.5 ADJUSTMENTS TO STRATEGIC PLAN**

The goals in the 2003 Annual Performance Plan are based on the revised FY 2000-2005 Strategic Plan. Because of the long-term perspective of its assistance activities, the high dependence on performance of self-governing insular areas, and the influence of external factors, OIA decided to focus more on management-oriented goals that are achievable by OIA. This results in an approach that emphasizes outputs rather than outcomes, such as the timely release and use of grant funds and the effectiveness of communications with the insular governments on issues of mutual interest.

## **1.6 DATA VERIFICATION AND VALIDATION**

OIA is trying to deal with this issue by keeping its performance goals and performance measures as simple as possible to avoid highly questionable data or data that

overwhelms our ability to collect, maintain and analyze. The major limitation of OIA's data is that it is, for two of its long-term goals, measures of output rather than outcomes. OIA is attempting to measure outcomes through improved data collection in the insular areas and publishing of an annual State of the Islands Report. This effort, particularly the gathering of data that shows changes in islands development, is larger than OIA can perform with its own resources. OIA is developing a partnership with the U.S. Bureau of the Census and the island governments to improve reporting on changes in the general social and economic state of the islands. This is more the "outcome" report and its improvement is a long-term challenge for OIA.

OIA's performance data is not sensitive and its security has never been an issue.

## 1.7 FY 2003 GOALS-AT-A-GLANCE

Departmental Goal: Meet our Trust Responsibilities to Indian Tribes and our Commitments to Island Communities

### FY 2003 GOALS-AT-A-GLANCE

OIA Mission Goals	Long-term Goals	FY 2003 Annual Goals
Assist the islands in developing more efficient and effective government by providing financial and technical assistance.	<p><b>Program Activity 1:</b> Improve Infrastructure:</p> <p>1. By 2005, all insular governments are implementing multi-year capital infrastructure plans, that adequately identify operations and maintenance needs.</p> <p>2. Increase capital infrastructure grant productivity by increasing the ratio of projects completed to projects started and reducing the average completion time of projects.</p>	<p>Complete one additional multi-year capital plan for a cumulative total of 4.</p> <p>Maintain ratio of capital infrastructure projects completed to projects started to 1.1.</p> <p>Reduce the average time from grant award to project completion for capital infrastructure projects to 30 months.</p>
	<p><b>Program Activity 2:</b> Improve Government Systems and Services:</p> <p>1. By 2005, all insular governments are implementing long-term plans to improve financial management.</p> <p>2. Increase technical assistance grant productivity by increasing the ratio of projects completed to projects started and reducing the average completion time of projects.</p>	<p>Complete one additional financial management improvement plan for a cumulative total of 7 plans.</p> <p>Increase ratio of technical assistance projects completed to projects started to 1.1.</p> <p>Reduce the average time (in months) from technical assistance grant award to project completion to 26 months.</p>
Help manage Federal-island relations by promoting appropriate Federal policies.	<p><b>Program Activity 3:</b> Improve Governmental Relations:</p> <p>1. Improve Federal-insular communications. Improve Governmental Relations to facilitate the resolution of insular area problems.</p>	<p>Increase insular governments' satisfaction regarding communications with the Federal government over survey baselines established in FY 2002.</p>

## Section II

### *Future Goals and Past Performance*

#### **2.1 GPRA PROGRAM ACTIVITY 1: IMPROVE INFRASTRUCTURE**

##### **Description:**

By providing financial and technical assistance, this program can help ensure that the insular governments have adequate infrastructure, including: schools, health care facilities, port facilities, roads, power generation and transmission, water treatment and distribution, waste-water collection and treatment, solid waste disposal, prisons and general public facilities such as government offices, parks and recreation facilities, libraries etc. Direct grants are provided to cover the costs of design and construction. The OIA program also provides the island governments with technical assistance to develop the institutional capacity to maintain infrastructure and ensure plans are in place that identify priorities and specific project needs for a minimum five-year period.

#### **FY 2003 PERFORMANCE GOALS**

- Complete one additional multi-year capital plan for a cumulative total of four.
- Increase the ratio of capital infrastructure projects completed to projects started to 1.1.
- Reduce the average time from grant award to grant completion for capital projects to 30 months.

# BUDGET TABLE - GPRA ACTIVITY 1 - IMPROVE INFRASTRUCTURE

Budget Activity/Subactivity (\$000)	FY2001 Enacted			FY2002 Enacted			FY2003* Pres. Budget		
	Total	GPRA Activity 1	%	Total	GPRA Activity 1	%	Total	GPRA Activity 1	%
<b>Assistance to Territories:</b>									
Office of Insular Affairs	4,385	790	18%	4,528	833	18%	5,504	1,066	19%
Technical Assistance	13,631	5,987	43%	16,961	7,300	43%	7,461	0	0
Maintenance Assistance	2,295	2,295	100%	2,300	2,300	100%	2,300	2,300	100%
Brown Tree Snake	2,345	0	0	2,350	0	0	2,350	0	0
Insular Management Controls	1,488	0	0	1,491	0	0	1,491	0	0
Coral Reef Initiative	499	0	0	500	0	0	500	0	0
American Samoa Operations	23,003	0	0	23,100	0	0	23,100	0	0
<b>Covenant Grants:</b>									
CNMI Construction	11,000	11,000	100%	11,000	11,000	0	11,000	11,000	100%
Guam/CNMI Impact Aid	4,580	4,580	100%	5,080	5,080	0	5,420	5,420	100%
American Samoa Construction	10,140	10,140	100%	10,140	10,140	0	10,140	10,140	100%
CNMI Immigration Initiative	2,000	0	0	1,500	0	0	1,160	0	0
Virgin Islands Construction	0	0	0	0	0	0	0	0	0
<b>Total, Covenant (Mandatory)</b>	<b>27,720</b>	<b>25,720</b>	<b>92%</b>	<b>27,720</b>	<b>26,220</b>	<b>95%</b>	<b>27,720</b>	<b>26,560</b>	<b>96%</b>
<b>Total, Assistance to Territories.....</b>	<b>75,366</b>	<b>34,792</b>	<b>46%</b>	<b>78,950</b>	<b>29,353</b>	<b>37%</b>	<b>70,426</b>	<b>29,926</b>	<b>42%</b>
<b>Compact of Free Association:</b>									
Federal Services (Discretionary)	7,338	0	0	7,354	0	0	7,354	0	0
Enewetak Ops (Discretionary)	1,388	0	0	1,391	0	0	1,391	0	0
<b>Total, Compact, Mandatory</b>	<b>12,000</b>	<b>0</b>	<b>0</b>	<b>14,500</b>	<b>0</b>	<b>0</b>	<b>12,000</b>	<b>0</b>	<b>0</b>
<b>Total, Compact, Permanent Indefinite</b>	<b>122,014</b>	<b>36,878</b>	<b>30%</b>	<b>144,616</b>	<b>37,114</b>	<b>26%</b>	<b>146,357</b>	<b>37,810</b>	<b>26%</b>
<b>Total, Compact of Free Association.....</b>	<b>142,740</b>	<b>36,878</b>	<b>25%</b>	<b>167,861</b>	<b>37,114</b>	<b>22%</b>	<b>167,102</b>	<b>37,810</b>	<b>23%</b>
<b>Payments to U.S. Territories:</b>									
Guam Section 30 Tax Collections	55,403	0	0	55,000	0	0	55,000	0	0
Virgin Islands Rum Excise Tax	50,683	0	0	51,000	0	0	51,000	0	0
<b>Total, Payments to U.S. Territories</b>	<b>106,086</b>	<b>0</b>	<b>0</b>	<b>106,000</b>	<b>0</b>	<b>0</b>	<b>106,000</b>	<b>0</b>	<b>0</b>
<b>Total, OIA.....</b>	<b>324,192</b>	<b>71,670</b>	<b>0</b>	<b>352,811</b>	<b>0</b>	<b>0</b>	<b>343,528</b>	<b>0</b>	<b>0</b>
<b>American Samoa Loan Subsidy</b>	<b>3,097</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total, OIA.....</b>	<b>327,289</b>	<b>71,670</b>	<b>22%</b>	<b>352,811</b>	<b>66,467</b>	<b>19%</b>	<b>343,528</b>	<b>67,736</b>	<b>20%</b>

\*Includes Government-wide CSRS/FEHB legislative proposal.

GPRA Activity 1 Budget History	FY 1998 Enacted	FY 1999 Enacted	FY 2000 Enacted	FY 2001 Enacted	FY 2002 Enacted	FY 2003* Pres. Budget
	N/A	64,254	68,400	71,670	66,467	67,736

\*Includes Government-wide CSRS/FEHB legislative proposal.

## 2.1.1 GOAL: DEVELOPMENT AND USE OF MULTI-YEAR CAPITAL PLANS

### GPRA Program Activity 1: Improve Infrastructure

**Long-term Goal:** By 2005, all insular governments are implementing multi-year capital infrastructure plans, that adequately identify operations and maintenance needs.

#### FY 2003 Annual Performance Goal:

1. Complete one additional multi-year capital plan for a cumulative total of four.

#### Performance Measure: Capital Plans Completed (Cumulative)

FY 1998 Actual	FY 1999 Actual	FY 2000 Actual	FY 2001 Plan	FY 2001 Actual	FY 2002 Plan	FY 2003 Proposed
1	2	2	3*	2	3**	4

\* Revised to 3 in the 2002 Annual Performance Plan, it was 4 in the 2001 Annual Performance Plan.

\*\* Revised to 3 in the 2003 Annual Performance Plan, it was 4 in the 2002 Annual Performance Plan.

#### Goal Description:

Revised Long-term Goal: The goal was revised in 2000 to shift the date for completion of all capital plans from 2002 to 2005. This is more realistic, given external factors such as Compact re-negotiation, which could change the requirements and timing for completing the plans for two of the freely associated states.

OIA believes it is important that long-term plans are in place for capital improvements in the insular areas, particularly where there is a high dependence on Federal funding for these improvements. This is particularly true in the freely associated states of Palau, the Marshall Islands, and the Federated States of Micronesia. Although plans were mandated under the negotiated Compacts of Free Association, those mutually agreed terms have not been rigorously implemented or enforced (Note: No enforcement mechanisms were written into the original compact). This issue is being discussed in on-going re-negotiations of Compact financial assistance for two of the three freely associated states. In the case of the Federated States of Micronesia (FSM), OIA awarded a \$250,000 grant in September 2000 to help pay for development of a capital plan. Work on the plan is now underway but was

delayed while the FSM identified matching funds. The concept of a local match for grants in the planning area is very important to OIA so that the local governments have ownership in the plans. We had hoped this plan would be completed late in fiscal year 2001, but now do not believe it will be completed until early 2002.

In 1996, legislation mandated plans for two insular areas, American Samoa and the Commonwealth of the Northern Mariana Islands. A model plan was completed for American Samoa in 1997 and is being followed and updated annually. A plan was completed for the Commonwealth of the Northern Mariana Islands in 1999. The CNMI and American Samoa plans are reflected in the 1999 actual data. Except when mandated in Federal law, OIA cannot force insular governments to develop plans. OIA has, however, expressed to the governments its strong support for plans and, through its Operations and Maintenance Improvement Program, has offered technical assistance to help pay for capital planning. There is no Federal legislative requirement for capital planning by two of the insular governments, Guam and the U.S. Virgin Islands, but OIA continues to encourage the development of such plans.

## FY 2001 ANNUAL PERFORMANCE REPORT

**Goal:** Complete one additional capital improvement plan, for a cumulative total of three plans completed.

**Report:** This goal was not met. In 1999, OIA began discussions with the Federated States of Micronesia on the need for a new capital plan to prepare them for implementation of a new long-term period of financial assistance that is currently being negotiated. The FSM recognized this need; but delayed accepting the OIA offer of a technical assistance grant (under the Operations and Maintenance Improvement Program) to help pay for the plan. The delay was partially due to changes in leadership in the FSM because of a Presidential election, and partially due to the need of the FSM to identify a source of matching funds. The OIA offer was \$250,000; and required an equal match from the FSM. The match is essential for local ownership in the final product and successful implementation of the plan. The grant was finally signed by the FSM in September 2000 and a contract was awarded early in calendar year 2001. A draft plan was near completion as FY 2001 closed, and the plan should be completed in early 2002.

Like the FSM, the Republic of the Marshall Islands is also beginning negotiations on a new period of long-term U.S. financial assistance that requires a capital plan. The Marshall Islands, however, is further behind the FSM in preparing for negotiations and making the necessary management decisions to begin work on a plan. Once the Marshall Islands recognizes the importance of a capital plan, the OIA stands ready to assist in its development.

The U.S. proposal to the FSM requires a plan to be completed and approved by both parties before any capital funding can be used. There is some possibility that new financial assistance will be available before the plans are completed and the money will not be used in a timely manner while we await completion of the plan(s). This would not be an efficient use of resources for the two Micronesian governments, as it would delay important investments in their infrastructure and delay development.

Because of these delays, we have adjusted our goal so that only four plans will be completed by 2002. OIA still believes the strategic goal of having completed capital plans for all seven insular governments by fiscal year 2005 is viable. For five of the insular areas, Federal legislation or negotiated agreements require plans be developed. There is no such requirement imposed on Guam or the Virgin Islands. The OIA's current policy does not favor such an imposed condition because these two insular governments are not highly dependent on Federal assistance for construction of infrastructure and receive little or no capital funding from the OIA.

However, both governments participate in the OIA's Operations and Maintenance Improvement Program. Through this program, OIA will encourage development of capital plans and will offer limited assistance in funding new plans.

## DATA VERIFICATION AND VALIDATION

<b>Baseline</b>	The baseline being used is one and it was established in 1997.
<b>Data Validation</b>	The number of plans completed is a rather simple but effective measure of the insular governments' good governance and their capability to properly and effectively use Federal (U.S.) assistance. The decision to use this goal and data was made by the senior management of the Office of Insular Affairs in consultation with Departmental officials from the Office of the Assistant Secretary - Policy, Management and Budget.
<b>Data Verification</b>	Because of the simple nature of this data, it is not difficult to determine its reliability and accuracy. There is a small and finite number of insular governments and only one plan is required for each government.
<b>Data Source</b>	The data are obtained from the insular governments by obtaining copies of the completed plans.
<b>Data Limitations</b>	There are at least two major limitations with respect to the data obtained. First, while OIA considers the existence of plans as an indicator of good governance, there is little control over the quality of plans completed by the governments. Secondly, OIA also has little control over the comprehensiveness of the insular plans. This would necessarily vary from government to government dependent on what infrastructure areas are the responsibility of the government and what areas are managed or owned by the private sector or quasi-governmental authorities.
<b>Planned Actions</b>	OIA has initiated contractual effort to review the state of infrastructure and operations and maintenance in the insular areas, including development of quantitative measures. This effort will review the existence and quality of infrastructure plans, including plans prepared by autonomous authorities.

## 2.1.2 GOAL: IMPROVING GRANT PRODUCTIVITY

### GPRA Program Activity 1: Improving Infrastructure

**Long-term Goal:** Increase grant productivity by increasing the ratio of capital infrastructure projects completed to projects started and reducing the average completion time of projects.

#### FY 2003 Annual Performance Goals:

1. Maintain ratio of capital infrastructure projects completed to projects started to 1.1.

FY 1998 Actual	FY 1999 Actual	FY 2000 Actual	FY 2001 Plan	FY 2001 Actual	FY 2002 Plan	FY 2003 Proposed
**	.29**	.56	1.0*	.8	1.1	1.1

\* Revised to 1.0 in the 2002 Annual Performance Plan, it was .5 in the 2001 Annual Performance Plan.

\*\*The 2002 Annual Performance Plan says that the FY 99 actual was .85. This number was a typo. The correct number is .29.

2. Reduce the average time from grant award to project completion for capital projects to 30 months.

FY 1998 Actual	FY 1999 Actual	FY 2000 Actual	FY 2001 Plan	FY 2001 Actual	FY 2002 Plan	FY 2003 Proposed
**	.32	31	28	43.4	36*	30

\*Revised to 36 in the 2003 Annual Performance Plan, it was 27 in the 2002 Annual Performance Plan.

\*\* This long-term goal and related performance goals were new in fiscal year 2000.

#### Goal Description:

This new goal was reflected in a revised Strategic Plan transmitted to the Congress in September 2000. While it is primarily an output goal, it better reflects the work performed by OIA and within its control. The ability of the insular governments to spend money quickly and effectively is a measure of good governance. The ability of OIA to move money quickly and keep work in action also reflects on its management. OIA will use incentives at its disposal to move grants more quickly from

award to project completion or to terminate grants that are not commencing in a timely manner or that have come to halt. A grant that is terminated is also considered complete because it frees up funds to be re-obligated and used for valid projects.

## FY 2001 ANNUAL PERFORMANCE REPORT

**Goal:** Increase the ratio of capital infrastructure projects completed to projects started to 1.0.

**Report:** This goal was not met. Although the CNMI has increased its pace in starting and completing projects, the local government is still working on a backlog of project funding that goes back several fiscal years. CNMI projects require a 50% local funding match. This requirement slowed progress for several years, as the effects of a depressed economy made it difficult to find local funding. This problem was resolved by revenues raised from a local bond issue. The incoming governor recognizes that the now fully-funded CIP program is the significant public program to bolster the local economy. We expect more project starts and completions in FY 2002 and FY 2003.

We have been trying to resolve the backlogs of unfinished maintenance assistance projects by notifying governments of projects which are old and inactive, and then following up by terminating old grants upon due notification to the governments. We expect the backlog to be completely eliminated by FY 2005.

**Goal:** Reduce the average time from grant award to project completion to 28 months.

**Report:** This goal was not met. Project completion is defined as the cessation of work on the project and final payment has been made. Usually this means the full scope of the grant and subsequent contract by the insular government has been met. However, termination of a project for cause or by mutual consent is also considered completion. We consider this a data limitation and will look at an alternative measure in the fall. The rate of reduction in project completion time will likely remain slow as long as there remains a backlog of unfinished projects in the CNMI. The recent CNMI issuance of a bond indenture has accelerated work on many projects. However, some of these projects, for which matching funds have now been identified, date back as far as eight years; so their completion will tend to cause average completion time to increase.

Grants for these projects have been awarded, but work is languishing because of delays in obtaining local matching funds. We have been trying to resolve the backlogs of unfinished maintenance assistance projects by notifying governments of projects which are old and inactive, and then following up by terminating old grants upon due notification to the governments. We expect the backlog to be completely eliminated by FY 2005.

## DATA VERIFICATION AND VALIDATION

<b>Baseline</b>	The baseline being used is .29 for the increase the ratio of capital infrastructure goal and 32 months for the reduce the average time from grant award to project completion goal. Both baselines were established in 1999.
<b>Data Validation</b>	This goal was developed by senior management in OIA following consultation with officials from the Office of the Assistant Secretary- Policy, Management and Budget. It is relatively easy to track. It reflects work output by the insular governments using OIA funding, but does not require gathering data outside OIA's control.
<b>Data Verification</b>	This data is fully within OIA's control and OIA has collection standards and other criteria for ensuring the data are reliable and accurate.
<b>Data Source</b>	While these performance goals are a reflection of insular output, all data is developed within OIA. OIA issues the grant and makes final payment that determines grant completion.
<b>Data Limitations</b>	We are measuring output from a rather small and finite population. Uncontrollable events can dramatically skew the results. For this reason, an analysis of what has transpired and the reasons for changes, particularly changes that do not follow anticipated trend lines is important.
<b>Planned Actions</b>	We are not planning any improvements at this time, but will continue to evaluate our data process over the coming year.

## 2.2 GPRA PROGRAM ACTIVITY 2: IMPROVE GOVERNMENT SYSTEMS AND SERVICES

**Description:** This program activity provides financial and technical assistance to help ensure the insular governments are providing adequate public services and performing efficient governmental operations. Financial assistance is provided in several forms including: discretionary grants for operations to American Samoa and Enewetak; tax covers over to Guam and the U.S. Virgin Islands; and guaranteed assistance for general operations, health and education to the freely associated states. Technical assistance is provided for priority projects to improve operations in areas such as financial management, health care, education, public safety, economic development, environmental management and protection and statistical data collection. Other than

technical assistance grants, OIA has very limited authority and exercises little or no control over most of the budget resources associated with this program activity. This money is provided as a subsidy to the local general fund or a pass-through of guaranteed assistance, usually without any terms or conditions applied to the use of the money.

### FY 2003 PERFORMANCE GOALS

- Complete one additional financial management improvement plan.
- Increase ratio of technical assistance projects completed to projects started to 1.1.
- Reduce the average time from grant award to project completion for technical assistance projects to 26 months.

# BUDGET TABLE (GPRA ACTIVITY 2 - IMPROVE GOVERNMENT SYSTEMS AND SERVICES)

Budget Activity/Subactivity (\$000)	FY2001 Enacted			FY2002 Enacted			FY2003* Pres. Budget		
	Total	GPRA Activity 2	%	Total	GPRA Activity 2	%	Total	GPRA Activity 2	%
Assistance to Territories:									
Office of Insular Affairs	4,385	1,711	39%	4,528	1,766	39%	5,504	2,419	44%
Technical Assistance	13,631	7,631	55%	16,961	9,661	57%	7,461	7,461	100%
Maintenance Assistance	2,295	0	0	2,300	0	0	2,300	0	0
Brown Tree Snake	2,345	2,345	100%	2,350	2,350	100%	2,350	2,350	100%
Insular Management Controls	1,488	1,488		1,491	1,491	100%	1,491	1,491	100%
Coral Reef Initiative	499	499	100%	500	500	100%	500	500	100%
American Samoa Operations	23,003	23,003	100%	23,100	23,100	100%	23,100	23,100	100%
Covenant Grants:									
CNMI Construction	11,000	0	0	11,000	0	0	11,000	0	0
Guam/CNMI Impact Aid	4,580	0	0	5,080	0	0	5,420	0	0
American Samoa Construction	10,140	0	0	10,140	0	0	10,140	0	0
CNMI Immigration Initiative	2,000	2,000	100%	1,500	1,500	100%	1,160	1,160	100%
Virgin Islands Construction	0	0	0	0	0	0	0	0	0
Total, Covenant (Mandatory)	27,720	2,000	7%	27,720	1,500	5%	27,720	1,160	4%
<b>Total, Assistance to Territories..</b>	<b>75,366</b>	<b>38,577</b>	<b>51%</b>	<b>78,950</b>	<b>47,668</b>	<b>60%</b>	<b>70,426</b>	<b>38,481</b>	<b>55%</b>
Compact of Free Association:									
Federal Services (Discretionary)	7,338	7,338	100%	7,354	7,354	100%	7,354	7,354	100%
Enewetak Ops (Discretionary)	1,388	1,388	100%	1,391	1,391	100%	1,391	1,391	100%
Total, Compact, Mandatory	12,000	12,000	100%	14,500	14,500	100%	12,000	12,000	100%
Total, Compact, Permanent Indefinite	122,014	85,136	69%	144,616	107,502	74%	146,357	108,547	74%
<b>Total, Compact of Free Association .....</b>	<b>142,740</b>	<b>105,862</b>	<b>74%</b>	<b>167,861</b>	<b>130,747</b>	<b>77%</b>	<b>167,102</b>	<b>129,292</b>	<b>77%</b>
Payments to U.S. Territories:									
Guam Section 30 Tax Collections	55,403	55,403	100%	55,000	55,000	100%	55,000	55,000	100%
Virgin Islands Rum Excise Tax	50,683	50,683	100%	51,000	51,000	100%	51,000	51,000	100%
<b>Total, Payments to U.S. Territories.....</b>	<b>106,086</b>	<b>106,086</b>	<b>100%</b>	<b>106,000</b>	<b>106,000</b>	<b>100%</b>	<b>106,000</b>	<b>106,000</b>	<b>100%</b>
Total, OIA, Discretionary & Mandatory	324,192	250,525	77%	352,811	284,415	81%	343,528	273,773	80%
American Samoa Loan Subsidy	3,097	3,097	100%	0	0	0	0	0	0
<b>Grand Total, OIA.....</b>	<b>327,289</b>	<b>253,622</b>	<b>77%</b>	<b>352,811</b>	<b>284,415</b>	<b>81%</b>	<b>343,528</b>	<b>273,773</b>	<b>80%</b>

\*Includes Government-wide CSRS/FEHB legislative proposal.

GPRA Activity 2 Budget History	FY 1998 Enacted	FY 1999 Enacted	FY 2000 Enacted	FY 2001 Enacted	FY 2002 Enacted	FY 2003* Pres. Budget
	N/A	250,288	288,989	253,622	284,415	273,773

\*Includes Government-wide CSRS/FEHB legislative proposal.

### 2.2.1 GOAL: DEVELOPMENT AND USE OF FINANCIAL MANAGEMENT IMPROVEMENT PLANS

#### GPRA Program Activity 2: Improve Government Systems and Services

**Long-term Goal:** By 2005, all insular governments are implementing long-term plans to improve financial management.

#### FY 2002 Annual Performance Goal:

1. Complete one additional financial management improvement plan.

**Performance Measure:** Financial Management Improvement Plans Completed (Cumulative)

FY 1998 Actual	FY 1999 Actual	FY 2000 Actual	FY 2001 Plan	FY 2001 Actual	FY 2002 Plan	FY 2003 Proposed
2	4	5	6	5	6*	7

\* Revised to 6 in the 2003 Annual Performance Plan, it was 7 in the 2002 Annual Performance Plan.

#### Goal Description:

By 2005, OIA intends to complete financial improvement plans for all insular governments. Good management in the insular governments, as demonstrated by sound financial management practices, is essential to developmental goals and the protection of taxpayers' money. OIA cannot require the governments to develop plans, but can offer expertise and other incentives if the governments will make the effort. In conjunction with the USDA Graduate School, OIA has gathered together a team of experts with significant experience in Federal financial management, governmental and public auditing, and island financial systems and practices. To date the program has been quite successful, specifically in

terms of cooperation from the insular governments. Full completion of this goal may require 11 plans as opposed to 7 plans for capital infrastructure. This is because services, financial management and accountability in the Federated States of Micronesia occurs at the state level. Each of the four FSM states has variations, sometimes significant, in the financial procedures and policies employed.

OIA has specific funding available to pay for formulation and implementation of the plans. The cost of the plans is funded through the technical assistance program and plan implementation is funded through the insular Management Control Initiative.

#### FY 2001 ANNUAL PERFORMANCE REPORT:

**Goal:** Complete one additional financial management plan, for a total of six.

**Report:** This goal was not met however, a draft financial management improvement plan for Pohnpei was submitted on October 2, 2001. Financial manage-

ment improvement plans have been completed for the governments of the Virgin Islands, American Samoa, the Republic of Palau, the Commonwealth of the Northern Mariana Islands, and Guam. Work began in fiscal year 2001 in the Federated States of Micronesia and should be completed in 2002.

## DATA VERIFICATION AND VALIDATION

<b>Baseline</b>	The baseline being used is two and it was established in 1998.
<b>Data Validation</b>	The number of plans completed is a rather simple but effective measure of the insular governments good governance and their capability to properly and effectively use Federal (U.S.) assistance. The decision to use this goal and data was made by the senior management of the Office of Insular Affairs in consultation with Departmental officials from the Office of the Assistant Secretary - Policy, Management and Budget.
<b>Data Verification</b>	Because of the simple nature of this data, it is not difficult to determine its reliability and accuracy. There is a small and finite number of insular governments and only one plan is required for each government.
<b>Data Source</b>	The data are obtained from the insular governments by obtaining copies of the completed plans.
<b>Data Limitation</b>	The performance data looks only at the number of plans completed, not the quality of the plans or the degree of sustained effort to implement the plans. Because of the high caliber team working with the insular governments to produce the plans, OIA is comfortable with the quality factor. Implementation, however, will be a long and slow process and the level of implementation will, in many cases, be quite subjective.
<b>Planned Actions</b>	No planned improvements are currently being discussed. The logical next step for OIA would be to develop a system, as quantified and objective as possible, to track implementation of the plans.

### 2.2.2 GOAL: IMPROVING GRANT PRODUCTIVITY

#### GPRA Program Activity 2: Improve Government Systems and Services

**Long-term Goal:** Increase grant productivity by increasing the ratio of technical assistance projects completed to projects started and reducing the average completion time of projects.

#### FY 2003 Annual Performance Goals:

1. Maintain ratio of technical assistance projects completed to projects started to 1.1.

FY 1998 Actual	FY 1999 Actual	FY 2000 Actual	FY 2001 Plan	FY 2001 Actual	FY 2002 Plan	FY 2003 Proposed
--	.39**	.51	1.0*	.78	1.1	1.1

\* Revised to 1.0 in the 2002 Annual Performance Plan, it was .5 in the 2001 Annual Performance Plan. The FY 2001 goals at a glance table has 1.0. There is an inconsistency in last years report and the goal should be 1.0 in the FY 2002 report.

\*\*The 2002 Annual Performance Plan says that the FY 99 actual was .85. This number was a typo. The correct number is .39.

## 2.2.2 GOAL: IMPROVING GRANT PRODUCTIVITY CONTINUED

2. Reduce the average time from grant award to project completion for technical assistance projects to 26 months.

FY 1998 Actual	FY 1999 Actual	FY 2000 Actual	FY 2001 Plan	FY 2001 Actual	FY 2002 Plan	FY 2003 Proposed
--	61*	11**	28***	24	27	26

\*The 2002 Annual Performance Plan says that the FY 99 actual was 32. This number was a typo. The correct number is 61.

\*\*Revised to 11 in the 2002 Annual Performance Plan, it was 50 in the 2001 Annual Performance Plan.

\*\*\*Revised to 28 in the 2002 Annual Performance Plan, it was 40 in the 2001 Annual Performance Plan.

### Goal Description:

This goal was incorporated into a new Strategic Plan transmitted to Congress in September 2000. While it is primarily an output goal, it better reflects the work performed by OIA and within its control, and is essential to the insular governments. The governments' ability to spend money quickly and effectively is a measure of good governance. OIA will use incentives at its disposal to move grants more quickly from award to project completion and to ensure large balances do not build up in Federal accounts.

Even though OIA's appropriations are not restricted to a single year and remain available until obligated and expended, the time value of money dictates that projects should move as quickly as possible, without sacrificing accountability or project effectiveness. Large unobligated or unliquidated balances not only reflect the inability of the island governments to efficiently manage projects, they also jeopardize future appropriations.

### FY 2001 PERFORMANCE REPORT:

**Goal:** Increase the ratio of technical assistance projects completed to projects started to 1.0.

**Report:** This goal was not met. This goal for technical assistance projects completed to projects started was created during FY 1999, which made it difficult to set a standard with no comparative history, and it is similarly difficult to analyze data and changes in the short run. We suspect there will be a large number of projects completed in fiscal year 2002 as older projects are terminated and cleared out. Project completion is defined as the cessation of work on the project and final payment has been made. Usually this means the full scope of the grant and subsequent contract by the insular government has been met. However, termination of a project for cause or by mutual consent is also considered completion.

**Goal:** Reduce the average time from grant award to project completion for technical assistance projects to 28 months.

**Report:** This goal was exceeded in fiscal year 2001. This goal was exceeded due to Coral Reef, Brown Tree Snake and American Samoa operations grants which were completed in a shorter time frame. General technical assistance projects are short-term in nature. Past problems were often caused by delays in beginning the project once the grant was awarded. New grant awards now include a completion date. If the project is not completed by a specified time, it can be terminated.

## DATA VERIFICATION AND VALIDATION

<b>Baseline</b>	The baseline being used is .39 for the goal to increase the ratio of technical assistance projects completed and 61 months reduction in the average time from grant award to project completion goal. Both baselines were established in 1999.
<b>Data Validation</b>	This goal was developed by senior management in OIA following consultation with officials from the Office of the Assistant Secretary - Policy, Management and Budget. It is relatively easy to track. It reflects work output by the insular governments using OIA funding, but does not require gathering data outside OIA's control.
<b>Data Verification</b>	This data is fully within OIA's control and OIA has collection standards and other criteria for ensuring the data are reliable and accurate.
<b>Data Source</b>	While these performance goals are a reflection of insular output, all data is developed within OIA. OIA issues the grant and makes final payment that determines grant completion.
<b>Data Limitations</b>	We are measuring output from a rather small and finite population. Uncontrollable events can dramatically skew the results. For this reason, an analysis of what has transpired and the reasons for changes, particularly changes that do not follow anticipated trend lines is important. We consider this a data limitation and will look at an alternative measure in the fall.

Planned ActionsWe are not planning any improvements at this time, but will continue to evaluate our data process over the coming year.

### 2.3 GPRA PROGRAM ACTIVITY 3: IMPROVE GOVERNMENTAL RELATIONS

**Description:** This is the largest single workload activity within the Office of Insular Affairs. The Office has responsibilities mandated in law or by Executive and Secretarial Orders to help formulate policies relative to the relationship between the insular areas and the Federal government, and to report on associated problems and effects. Improving governmental relations is staff-intensive work that requires extensive communications and coordination among Federal agencies and insular officials and organizations. A major improvement was initiated in fiscal year 2000 with creation of an Interagency Group on the Insular Areas. This creates a forum for Federal agencies to discuss insular problems and issues and to obtain input from the insular governments. It has been well-received by the insular governments.

### FY 2003 PERFORMANCE GOALS:

Increase insular governments' satisfaction regarding communications with the Federal government over survey baselines established in FY 2002.

**BUDGET TABLE (GPRA ACTIVITY 3 - IMPROVE GOVERNMENTAL RELATIONS)**

Budget Activity/Subactivity (\$000)	FY2001 Enacted			FY2002 Enacted			FY2003* Pres. Budget		
	Total	GPRA Activity 3	%	Total	GPRA Activity 3	%	Total	GPRA Activity 3	%
Assistance to Territories:									
Office of Insular Affairs	4,385	1,884	42%	4,528	1,929	42%	5,504	2,019	37%
Technical Assistance	13,631	0	0	16,961	0	0	7,461	0	0
Maintenance Assistance	2,295	0	0	2,300	0	0	2,300	0	0
Brown Tree Snake	2,345	0	0	2,350	0	0	2,350	0	0
Insular Management Controls	1,488	0	0	1,491	0	0	1,491	0	0
Coral Reef Initiative	499	0	0	500	0	0	500	0	0
American Samoa Operations	23,003	0	0	23,100	0	0	23,100	0	0
Virgin Island Construction							0	0	0
Covenant Grants:									
CNMI Construction	11,000	0	0	11,000	0	0	11,000	0	0
Guam/CNMI Impact Aid	4,580	0	0	5,080	0	0	5,420	0	0
American Samoa Construction	10,140	0	0	10,140	0	0	10,140	0	0
CNMI Immigration Initiative	2,000	0	0	1,500	0	0	1,160	0	0
Virgin Islands Construction	0	0	0	0	0	0	0	0	0
Total, Covenant (Mandatory)	27,720	0	0	27,720	0	0	27,720	0	0
<b>Total, Assistance to Territories..</b>	<b>75,366</b>	<b>1,884</b>	<b>2%</b>	<b>78,950</b>	<b>1,929</b>	<b>2%</b>	<b>70,426</b>	<b>2,019</b>	<b>3%</b>
Compact of Free Association:									
Federal Services (Discretionary)	7,338	0	0	7,354	0	0	7,354		0
Enewetak Ops (Discretionary)	1,388	0	0	1,391	0	0	1,391		0
Total, Compact, Mandatory	12,000	0	0	14,500	0	0	12,000		0
Total, Compact, Permanent Indefinite	122,014	0	0	144,616	0	0	146,357		0
<b>Total, Compact of Free Association.....</b>	<b>142,740</b>	<b>0</b>	<b>0</b>	<b>167,861</b>	<b>0</b>	<b>0</b>	<b>167,102</b>		<b>0</b>
Payments to U.S. Territories									
Guam Section 30 Tax Collections	55,403	0	0	55,000	0	0	55,000		0
Virgin Islands Rum Excise Tax	50,683	0	0	51,000	0	0	51,000		0
<b>Total, Payments to U.S. Territories.....</b>	<b>106,086</b>	<b>0</b>	<b>0</b>	<b>106,000</b>	<b>0</b>	<b>0</b>	<b>106,000</b>		<b>0</b>
Total, OIA	324,192	1,884	>1%	352,811	1,929	0	343,528		0
American Samoa Loan Subsidy	3,097	0	0	0	0	0	0		0
<b>Grand Total, OIA.....</b>	<b>327,289</b>	<b>1,884</b>	<b>&gt;1%</b>	<b>352,811</b>	<b>1,929</b>	<b>&gt;1%</b>	<b>343,528</b>	<b>2,019</b>	<b>&lt;1%</b>

\*Includes Government-wide CSRS/FEHB legislative proposal.

GPRA Activity 3 Budget History	FY 1998 Enacted	FY 1999 Enacted	FY 2000 Enacted	FY 2001 Enacted	FY 2002 Enacted	FY 2003* Pres. Budget
	N/A	1,653	1,759	1,884	1,929	2,019

\*Includes Government-wide CSRS/FEHB legislative proposal.

### 2.3.1 GOAL: IMPROVE FEDERAL-INSULAR COMMUNICATIONS

**GPRA Program Activity:** Improve Governmental Relations

**Long-term Goal:** Improve Federal-insular communications to facilitate the resolution of insular areas' problems.

**FY 2003 Annual Performance Goal:**

1. Increase insular governments' satisfaction regarding communications with the Federal government over survey baselines established in 2002.

**Performance Measure:** Customer Survey

FY 1998 Actual	FY 1999 Actual	FY 2000 Actual	FY 2001 Baseline	FY 2001 Actual	FY 2002 Plan	FY 2003 Plan
**	**	Baseline Not Completed	Complete Baseline	Baseline Not Completed	Complete Baseline	Increase Over Baseline

**Goal Description:** The essence of OIA's mission is to serve the insular governments. OIA's ability to communicate well and help clarify Federal and insular positions is critical. The perception of how well OIA improves Federal - insular communications and the relationships between is what we hope to measure and quantify through a survey completed annually by each government.

**FY 2003 GOALS:**

The Office of Insular Affairs has sufficient resources to accomplish its goal of improving insular governments' satisfaction regarding communications in FY 2003.

**FY 2001 PERFORMANCE REPORT:**

**Goal:** Conduct a survey and develop a baseline of insular governments' satisfaction regarding communications with the Federal government.

**Report:** This performance goal was not met. OIA was not successful in obtaining the appropriate survey clearance from OMB under the Paperwork Reduction Act.

## DATA VERIFICATION AND VALIDATION

<b>Baseline</b>	The baseline will be established in FY 2002 as a result of the survey's findings.
<b>Data Validation</b>	Senior management in OIA believes this goal is appropriate as it goes to the very core of OIA's mission. The difficulty is in measuring performance, particularly with a quantified standard.
<b>Data Verification</b>	As this goal requires obtaining information from the insular governments on a periodic basis, OIA will confer with OMB on the need for collection standards or other criteria to ensure the data are reliable and complete.
<b>Data Source</b>	The data was obtained entirely from an annual survey transmitted to leadership in the U.S.- affiliated insular areas.
<b>Data Limitation</b>	The actual baseline survey that will be conducted in fiscal year 2002 is still being designed. The results of the survey will be quantified but subjective. The results will likely vary significantly depending upon the survey group selected. OIA's relationship with the insular areas takes place on at least two major planes, political and managerial. The political relationship can be personality- and party-oriented and can change significantly from year to year. The managerial working relationship would tend to be much more consistent and survey data would be more reflective of evolving trends in the relationship. The survey data from the political level would be much more inconsistent over time as changing personalities and events come to bear.
<b>Planned Actions</b>	An initial survey was conducted in 1999. It was very subjective and had no means to quantify the data, and thus create a baseline. The survey planned for 2002 is intended to be a significant improvement over the 1999 effort.

## Section III

### *Additional GPRA Information*

#### 3.1 CUSTOMER SERVICE

OIA's primary constituents are the seven U.S.-affiliated insular areas with which we deal. Our customer service is reflected in two ways. OIA's third long-term goal of improving governmental relations is almost exclusively a customer service goal and indeed its measure is a customer survey. The survey is intended to measure our ability to communicate effectively and improve the Federal-insular relationship more than it is to solve problems.

The second aspect of customer service is incorporated in the first two goals of improving infrastructure and improving governmental systems and services. In this case, customer service is about responsiveness to specific needs of the island governments, including cash draw on requests, grant applications, changes in grant scope, and our ability to identify technical assistance providers.

#### 3.2 CROSSCUTTING ISSUES

In performing its mission and achieving its goals, OIA works with virtually every Federal agency. It plays a key role in the Interagency Group on Freely Associated States (chaired by the State Department) and the Interagency Group on Insular Areas (chaired by DOI), one focuses on Freely Associated State Affairs, and the other on Insular Areas. The Interagency Group on Insular Areas is being reviewed by the current Administration for continuation. Major Federal partners are the Departments of State, Defense, Justice, Agriculture and Commerce, the Environmental Protection Agency, the Army Corps of Engineers, the Bureau of Census, and the USDA Graduate School. Two of OIA's grant programs, the Brown Tree Snake Control Program and the Coral Reef Initiative, are parts of major Departmental and Federal crosscutting efforts. OIA's brown tree snake efforts are part of a much larger effort to manage non-indigenous invasive species. OIA finances efforts by the U.S. Geological Survey, the Fish and Wildlife Service, the Department of Defense Pest Management Control Board, and the USDA Wildlife Services. The Coral Reef Initiative involves work and coordination with the U.S. Geological Survey, the Fish and Wildlife Service, the National Park Service and the Department of Commerce.

## OIA CROSSCUTTING RELATIONSHIPS

Departmental Goal: <i>Meet our Trust Responsibility to Indian tribes and our commitments to island communities.</i>	
Long-Term Goal	Major Partnerships
Improve Infrastructure	U.S. Army Corps of Engineers Environmental Protection Agency Federal Emergency Management Agency
Improve Governmental Systems and Services	USDA Graduate School USDA Wildlife Services Dept. of Commerce--Census Bureau Dept. of Commerce-- NOAA U.S. Geological Survey Department of Justice Department of Labor US Postal Service Dept. of Transportation--Fed. Aviation Administration
Improve Governmental Relations	Department of State Department of Defense Department of Justice

### 3.3. MANAGEMENT ISSUES

OIA is a very small office that falls under the Assistant Secretary for Policy, Management and Budget. In 1995, it was downsized by approximately 40 percent without any change in mission or function, except that its international function (3 FTEs) was shifted to the Department's Office of Policy Analysis, and certain budget tasks (1 FTE) are now performed by the Department's Office of Budget. Its greatest management issue and management challenge is to improve systems and services in the insular areas without infringing on self-government.

OIA works closely with the Office of Inspector General (IG), which has a greater presence in the islands than OIA, and with the General Accounting Office (GAO) to a lesser extent. There are currently no major management issues identified by these organizations relative to insular programs. The generally poor financial condition and poor management controls of the insular governments; however, are a major priority of OIA assistance efforts. They have also been a subject of numerous IG and GAO reports.

### 3.4 PROGRAM EVALUATIONS

OIA is not large enough and does not have the capacity to perform internal program evaluations other than routine self-assessments performed by program managers and senior management of the office. It does however, have a close relationship with the Inspector General's Office. Because of the large amount of financial resources under its control, OIA is subject to CFO audit requirements and also numerous efficiency and effectiveness audits performed by Inspector General auditors and investigators stationed in the territories.

### 3.5 CAPITAL ASSETS/CAPITAL PLANNING

OIA does not own or control any capital assets. However, it strongly embraces the concept of capital planning and has made implementation of capital planning by the insular governments one of its major long-term goals.

### **3.6 USE OF NON-FEDERAL PARTIES IN PREPARING THIS PLAN**

No non-Federal parties were used to prepare this plan.

### **3.7 WAIVERS FOR MANAGERIAL ACCOUNTABILITY AND FLEXIBILITY**

OIA is not seeking any waivers for managerial accountability and flexibility.



# Appendix I

## *FY 2001 Annual Performance Report Goals At-a-Glance Table*

Mission Goal	Long-Term Goal	
Assist the islands in developing more efficient and effective government by providing financial and technical assistance.	<u>Improve Infrastructure</u>	
	1.1 By 2005, all insular governments are implementing multi-year capital infrastructure plans, that adequately identify operations and maintenance needs.	
	1.2 Increase grant productivity by increasing the ratio of capital projects completed to projects started and reducing the average completion time of projects.	
	<u>Improve Government Systems and Services</u>	
	2.1 By 2005, all insular governments are implementing long-term plans to improve financial management.	
	2.2 Increase grant productivity by increasing the ratio of technical assistance projects completed to projects started and reducing the average completion time of technical assistance projects.	
	<u>Improve Governmental Relations</u>	
Help manage Federal-island relations by promoting appropriate Federal policies.	3.1 Improve Federal-insular communications to facilitate the resolution of insular areas' problems.	

FY 2001 Annual Goal	FY 2001 Actual Results	Comments
1.1.1 Complete 1 additional multi-year capital plan (cumulative total of 3).	1.1.1 Goal not achieved. 2 multi-year plans completed. (Cumulative)	1.1.1 The third plan (for the Federated States of Micronesia) is now underway and should be completed in 2002.
1.2.1 Increase the ratio of capital projects completed to projects started to 1.0.	1.2.1 Goal not achieved. The ratio was increased to .8.	1.2.1 The CNMI issuance of a bond indenture has accelerated work on many projects. However, some of these projects, for which matching funds have now been identified, date back as far as eight years.
1.2.2 Reduce the average time from grant award to project completion for capital projects to 28 months.	1.2.2 Goal not achieved. Average completion time was 43.4 months.	1.2.2 Project completion time was increased due to the backlog of projects in the CNMI.
2.1.1 Complete one additional financial management plan (cumulative total of 6).	2.1.1 Goal not achieved. Five plans were completed. (Cumulative)	2.1.1 A draft plan for Pohnpei was submitted on October 2, 2001.
2.2.1 Increase ratio of technical assistance projects completed to projects started to 1.0.	2.2.1 Goal not achieved. The ratio was increased to .78.	2.2.1 Older projects are not being completed or closed out (terminated) as rapidly as anticipated.
2.2.2 Reduce time from tech. assistance grant award to project completion to 28 months.	2.2.2 Goal achieved. Average completion time was 24 months.	2.2.2 New grant awards now include a project completion date.
3.1.1 Establish baseline through constituent satisfaction survey.	3.1.1 Goal not achieved.	3.1.1 OIA was not successful in obtaining the appropriate survey clearance from OMB under the Paperwork Reduction Act.

## Appendix II

### *FY 2002 Annual Performance Plan Goals At-a-Glance Table*

Mission Goal	Long-Term Goal	FY 2001 Annual Goal
Assist the islands in developing more efficient and effective government by providing financial and technical assistance.	<u>Improve Infrastructure</u>	
	1.1 By 2005, all insular governments are implementing multi-year capital infrastructure plans, that adequately identify operations and maintenance needs.	1.1.1 Complete one additional multi-year capital plan (cumulative total of 3).
	1.2 Increase grant productivity by increasing the ratio of capital projects completed to projects started and reducing the average completion time of capital projects.	1.2.1 Increase the ratio of capital projects completed to projects started to 1.1.
		1.2.2 Reduce the average time from grant award to project completion for capital projects to 36 months.
	<u>Improve Government Systems and Services</u>	
	2.1 By 2005, all insular governments are implementing long-term plans to improve financial management.	2.1.1 Complete 1 additional financial management plan (cumulative total of 6).
	2.2 Increase grant productivity by increasing the ratio of technical assistance projects completed to projects started and reducing the average completion time of technical assistance projects.	2.2.1 Increase ratio of technical assistance projects completed to projects started to 1.1.
		2.2.2 Reduce average time from grant award to project completion for technical assistance projects to 27 months.
	<u>Improve Governmental Relations</u>	
Help manage Federal-island relations by	3.1 Improve Federal-insular communications to facilitate the resolution of insular areas' problems.	3.1.1 Conduct a survey and develop a baseline of insular governments' satisfaction regarding communications with the Federal government.

FOR FURTHER INFORMATION CONTACT:

David Heggestad  
U.S. Department of the Interior  
Office of Insular Affairs  
MS 4328  
1849 C Street NW  
Washington, DC 20240  
Phone: (202) 208-6971  
Email: [david\\_heggestad@os.doi.gov](mailto:david_heggestad@os.doi.gov)  
Website: <http://www.doi.gov/oia>

**DEPARTMENT OF THE INTERIOR**

---